

TECHNICAL QUESTIONS TO EIOPA

Review of the IORP II Directive

Investment rules and diversification

A recent stocktake¹ indicates that, over the past decade, the median performance of second pillar pensions was approximately 0.9% when adjusted for inflation. Under appropriate risk management frameworks, exposure to a diversified portfolio, including certain alternative asset classes, can help enhance long-term returns for scheme members and beneficiaries.

Article 19(6) of the IORP II Directive, which allows Member States to lay down more detailed investment rules, including quantitative rules, provided such rules are prudentially justified, was originally introduced in the first IORP Directive taking into account the limited experience of several Member States at the time with the prudent person rule.

These additional rules, including quantitative ones, where they exist, pertain to investments in equity and certain alternative asset classes, and typically impose limits or other restrictions in relation to such asset classes.

In the Communication on the Savings and Investments Union, the Commission committed to clarifying, for pension funds, how investments in equity and certain alternative asset classes can be in line with the prudent person principle enshrined in current legislation.

1. In EIOPA's view, what would be the essential elements of the guidance on the prudent person principle, as committed to by the Commission in its Communication on the Savings and Investments Union?
2. Does EIOPA monitor and keep an inventory on how Member States have made use of the option in Article 19(6), either through statute or supervisory guidance?

Does EIOPA see merit in further framing Member State's discretion to adopt portfolio management and investment rules? Does EIOPA see merit in requiring that such rules should be asset-class-neutral, or should certain asset classes be privileged (e.g. by not being subject to limits or limiting the possibility of going further than a certain threshold)?

If the option to set quantitative or other forms of investment restrictions, especially for alternative asset classes, were to be maintained, what criteria should be used to establish whether such rules are prudentially justified and do not overly restrict investment choices of institutions within the scope of the Directive, potentially leading to a misalignment with the prudent person principle?

If such an option were to be further limited, drawing on best practices from Member States, what additional safeguards would be advisable, if any, to ensure proper risk management and supervision?

¹ Better Finance (2024), [The Real Return of Long-term and Pension Savings](#).

Does EIOPA have data on the performance of investments in alternative assets by IORPs?

3. Do other factors, such as IORPs' skills shortages or limited expertise with certain alternative asset classes, contribute to the low level of diffusion of these investments among IORPs?

Is EIOPA of the view such limitations could be addressed in the context of the review of the IORP II Directive, for instance, by amending rules on fit and proper requirements?

4. Does EIOPA consider that Title V of the Directive has ensured that the competent authorities of all Member States are equipped with the necessary powers and means, in particular to oversee that assets are invested in the best long-term interests of members and beneficiaries as a whole, in accordance with Article 19(1)(a) of the Directive?
5. The ECA Special Report 14/2025 recommends that, when revising the IORP II Directive, the Commission should address the need to strengthen the supervisory framework by amending existing prudential requirements to fully reflect the specific risks related to defined contribution schemes, including through the introduction of an explicit duty of care principle encompassing the objective of providing adequate returns.

Does EIOPA agree with this recommendation?

If this recommendation were to be implemented, does EIOPA foresee challenges in aligning this obligation with the current supervisory powers?

In particular, does EIOPA believe that the competent authorities of all Member States should have an explicit mandate to oversee and, where appropriate, intervene to help ensure that supplementary pension schemes deliver adequate investment returns for members and beneficiaries?

If so, what tools or powers should all competent authorities be equipped with to address situations where schemes systematically fail to deliver good outcomes? What does EIOPA recommend, on a principled basis, as a definition of 'good outcome' and/or 'adequate return'?

Scale

In the European Union, supplementary pension funds operate at a smaller scale compared to their global peers. This may limit their ability to diversify portfolios, invest in long-term assets, achieve better risk-adjusted returns and offer competitive costs.

6. Does EIOPA have any empirical evidence on how either a sufficient minimum scale or access to alternative asset classes influence the achievement of adequate returns? Does EIOPA have data on how the scale of IORPs influence costs relative to gross returns? Please indicate specific examples.
7. Can EIOPA share its views on practices such as asset pooling, fiduciary management, outsourced chief investment officer (OCIO) and master trust arrangements, and indicate whether and how

the review of the IORP II Directive could foster such practices or otherwise contribute to the potential scale-up of workplace pension schemes?

Is EIOPA aware of any additional best practices that enable smaller IORPs to access diversified asset classes and, more broadly, help them achieve adequate returns?

8. What obstacles, if any, has EIOPA identified to the domestic and cross-border consolidation of pension schemes, and what options does it consider most effective for supporting the scaling up of pension funds?

Collective transfers

Article 12 of the Directive regulates cross-border collective transfers of a pension scheme's liabilities, technical provisions and other obligations and rights, along with the corresponding assets or their cash equivalents, between IORPs. Furthermore, simple and clear rules on domestic transfers are also essential to enable scale at the level of the Member States.

9. Does EIOPA have an overview of national rules governing cross-border and domestic transfers between IORPs? In particular, do all Member States have clear and simple procedures in place for cross-border and domestic transfers?

Cross-border operations

The IORP II Directive intended to reduce regulatory divergences, overlapping requirements and excessively burdensome cross-border procedures. Special Report 14/2025 of the European Court of Auditors concluded that discriminatory prudential requirements continue to apply for cross-border IORPs.²

10. How could the barriers posed by specific higher prudential requirements that apply exclusively to cross-border IORPs be addressed?
11. In addition to the simplified procedure recommended in the 2023 technical advice,³ does EIOPA see potential for further simplification of the cross-border procedures?

For example, could the six-week period in Article 11(7) of the IORP II Directive be replaced by a requirement to publish the applicable rules, as is the case under Articles 4 and 11 of the Insurance Distribution Directive? Additionally, could certain elements of Article 15 of the PEPP Regulation serve as a reference?

12. In EIOPA's view, should the current rules governing the cooperation and division of responsibilities between home and host Member States in the supervision of IORPs be improved? If so, how should the framework be amended? Should the relevant provisions of the IORP II Directive in this

² Paragraph 43 and Table 1.

³ Section 3.8.3 of the EIOPA 2023 technical advice on the review of the IORP II Directive

specific area be more closely aligned with the ones in Solvency II (e.g. rules regarding on-site inspections)?

Scope

The scope of the IORP Directive was defined in 2003 and has remained unchanged since. The legal structure of IORPs varies considerably across Member States,⁴ generally taking the form of either an institutional type, where the fund has legal personality and its own governing board, or a contractual type, where it is a segregated pool of assets without legal personality managed by an external entity such as a bank, insurer or pension fund manager.⁵ Hybrid models also exist in some Member States.

13. Does EIOPA have an overview or data about the practical implementation of Article 2(1) in cases where, in accordance with national law, IORPs do not have legal personality? In particular, do the relevant provisions apply to the IORP, to the authorised entity operating it and acting on its behalf, or to both, and how is this differentiation handled in practice?
14. Is Article 2(1) of the Directive fit for purpose in such cases, as well as in Member States where pension funds have legal personality but are nonetheless operated by separate authorised entities acting on their behalf⁶, or would improvements be advisable?
15. Does EIOPA have an updated overview of the types of institutions for retirement provision not subject to the IORP II Directive?⁷ How do the prudential requirements applicable to institutions providing supplementary pensions but not subject to any EU prudential framework differ from those applicable under the IORP II Directive?
16. Can EIOPA provide data or examples of pension institutions outside the scope of the IORP II Directive that have significant operational or financial links with institutions within its scope? In particular, can EIOPA provide information on the types of prudential risks or issues that may arise from such links?

⁴ CEIOPS, *Report on Management Oversight and Internal Controls in IORPs*, CEIOPS-DOC-112/10, 2010, pp. 6–13, available at: <https://register.eiopa.europa.eu/CEIOPS-Archive/Documents/Reports/2010112-CEIOPS-Report-on-Management-Oversight-and-Internal-Controls-in-IORPs.pdf>

⁵ Fiona Stewart and Juan Yermo, *Pension Fund Governance: Challenges and Potential Solutions*, OECD, 2008, p. 6, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2008/06/pension-fund-governance_g17a1acc/241402256531.pdf

⁶ An example is Bulgaria, where pension funds have legal personality, although a separate legal entity is still responsible for operating them and acting on their behalf: Articles 209 and 214 of the Bulgarian Social Insurance Code.

⁷ A prior mapping was contained in Appendix 1 to CEIOPS-OP-03-08 (final).

17. Article 6 of the PEPP Regulation provides that IORPs authorised and supervised pursuant to national law to provide also personal pension products may apply for registration of a PEPP. In certain Member States, IORPs provide also other personal pension products.⁸

In EIOPA's view, is this reality sufficiently reflected in the IORP II Directive? In addition, can EIOPA provide an overview or data on IORPs providing personal pension products and their share in IORPs' portfolio?

Minimum standards

Special Report 14/2025 of the European Court of Auditors recommends that, when revising the IORP II Directive, the Commission should address the need to strengthen the supervisory framework, in particular by increasing the minimum standards, as well as introducing explicit safeguards against the risk of regulatory arbitrage.

18. How could the IORP II Directive be improved to support regulatory and supervisory consistency across providers and Member States?

Supervision

Special Report 14/2025 of the European Court of Auditors recommends that, when revising the IORP II Directive, the Commission should address the need to strengthen the supervisory framework, in particular by increasing the quality of supervision.

19. Does EIOPA consider that Directive sufficiently guarantees that national competent authorities in all Member States are equipped with all the necessary powers to effectively carry out their supervisory responsibilities? If not, what changes to the current framework does EIOPA consider necessary to address this issue?

Transparency, information and pension tracking systems

Annex VI to the Special Report 14/2025 of the European Court of Auditors concluded that the provisions of the IORP II Directive lack several important details, making it challenging for members and beneficiaries to grasp both the past and future performance of their pension scheme. In particular, the European Court of Auditors found that the IORP II Directive does not specify sufficiently which details and assumptions IORPs should disclose in relation to benefit projections, nor does it require a comprehensive breakdown of costs. The Special Report listed a series of shortcomings in Annex VI of the Special Report.

⁸ An example is France. According to a recent report, IORPs are the main type of financial institutions managing the individual *Plan d'épargne retraite*. PensionsEurope (2024), Developing supplementary pensions in the EU – PensionsEurope Report 2024, pp. 37–39, available at: <https://pensionseurope.eu/wp-content/uploads/PensionsEurope-report-2024-Final-version.pdf>

By contrast, some stakeholders⁹ have reported that, in certain Member States, the Pension Benefit Statement is overly detailed, with empirical data suggesting that members do not read it or do not read it in full due to its complexity or length.

20. Does EIOPA consider the current rules in the IORP II Directive sufficient to ensure that all members and beneficiaries receive clear and effective information (e.g. on cost disclosure, performance, risk indicators and benefit projections)? If not, which aspects of the information requirements are most lacking, and how could the regulatory framework be improved without causing information overload for members and beneficiaries, taking into account the objectives of simplification and burden reduction?
21. Does EIOPA have an overview of the pension information applicable to supplementary pension institutions excluded from the scope of the Directive under Articles 2(2) and 6? To what extent is that information aligned with the requirements set out in Title IV of the IORP II Directive?
22. Does EIOPA believe the Directive should require Member States to ensure the inclusion of institutions under the scope of the Directive in national pension tracking systems to improve transparency for savers? Does EIOPA consider pension tracking systems to be a suitable tool for fulfilling certain disclosure requirements under the Directive for members and beneficiaries who interact via digital tools? In addition, how should the pension tracking system and the Pension Benefit Statement interact or coexist in practice? How could dual reporting be avoided while ensuring that all relevant information requirements under the Directive are fulfilled?

Scope of prudential regulation

The IORP II Directive aimed to clarify the areas that are considered to be part of prudential regulation in order to ensure legal certainty for the cross-border activities of IORPs.

23. In EIOPA's view, which aspects of the distinction between prudential regulation and social and labour law continue to give rise to uncertainty or diverging interpretations, in particular in light of the notified measures under Article 59 of the IORP II Directive? How should these issues, if any, be addressed?

Other aspects

24. Are there any additional issues that EIOPA believe should be considered in the review of the IORP II Directive? If so, please explain how they should be addressed.

⁹ EIOPA (2023), Consultation paper on technical advice for the review of the IORP II Directive – Feedback Statement, p. 22-25.

Review of the PEPP Regulation

Basic PEPP

The PEPP Regulation was intended to enable the creation of a simple, safe, reasonably priced, transparent, consumer-friendly and portable Union-wide personal pension product. Enhancing the appeal and practical usability of the PEPP could be achieved through various measures. In the case of the Basic PEPP, improvements might include simplifying its features, facilitating digital onboarding and improving cost-efficiency.

The PEPP Regulation introduced a cap on costs and fees for the Basic PEPP, limiting them to a fixed percentage of the accumulated capital in order to ensure cost-efficiency for savers. However, the Special Report 14/2025 of the European Court of Auditors states that the introduction of a fee cap for the Basic PEPP in the PEPP Regulation that does not exist for other financial products has reduced the attractiveness of the PEPP.

Under the PEPP Regulation, advice should also be provided to prospective PEPP savers by PEPP providers or PEPP distributors prior to the conclusion of the PEPP contract, including for the Basic PEPP. This requirement aims to ensure consumer protection. However, stakeholders¹⁰ have also argued that it makes the Basic PEPP less simple and more costly to implement. The mandatory advice requirement may also make the distribution of PEPP through digital platforms more difficult, thereby limiting the potential to reach a broader share of savers.

25. If the fee cap for the Basic PEPP were to be lifted, what alternative measures would EIOPA propose to keep the cost of the Basic PEPP at affordable levels, and how would these measures need to be implemented?
26. If the fee cap for the Basic PEPP were to be maintained, what technical adjustments to the cap should be considered? If certain costs were to be excluded from the fee cap (e.g. taxes, specific distribution costs or underlying assets costs), which exclusions would EIOPA consider more suitable to be removed?
27. If the Basic PEPP were to be designed with a built-in lifecycle investment strategy as a standard feature of the product, what changes to the current text would EIOPA consider necessary?
28. What other technical solutions in EIOPA's view could be implemented to make the PEPP more attractive for providers while offering a high level of consumer protection?
29. What features does EIOPA consider could support or facilitate the distribution of the Basic PEPP on an execution-only basis through digital platforms?

¹⁰ EIOPA OPSG (2024), Own-Initiative EIOPA OPSG Discussion Paper on the pan-European Pension Product, p. 23-24.

30. What are EIOPA's views on whether the advice requirement for the Basic PEPP can be safely removed, taking into account the simple and standardised nature that should characterise the Basic PEPP, and, if so, how should this be implemented?

Sub-accounts

Under the PEPP Regulation, PEPP providers should offer national sub-accounts, each of which accommodating personal pension product features allowing that contributions to the PEPP or out-payments qualify for incentives if available in the Member States in relation to which a sub-account is made available. Importantly, under Article 18(3) of the PEPP Regulation, each PEPP provider shall offer national sub-accounts for at least two Member States upon request addressed to the PEPP provider. Additionally, Recital 35 of the PEPP Regulation also explicitly allows PEPP savers to continue contributing to the sub-account used prior to changing residence.

31. If the Regulation were to be amended to remove the requirement to offer sub-accounts for at least two Member States, and considering that the PEPP Regulation already allows PEPP savers to continue contributing to the sub-account used before changing residence, could the Regulation also ensure that savers are able to access a PEPP from any PEPP provider, regardless of their Member State of residence?

Risk-mitigation techniques

Under the PEPP Regulation, all investment options shall be designed by PEPP providers on the basis of a guarantee or risk-mitigation technique which shall ensure sufficient protection for PEPP savers. These risk-mitigation techniques have been specified by Commission Delegated Regulation (EU) 2021/473.

32. How could Article 14 of Commission Delegated Regulation (EU) 2021/473 be simplified to enhance the attractiveness of the PEPP?

Use in a workplace context

The EIOPA Staff Paper on the future of the PEPP suggests considering a PEPP that combines occupational and personal pensions, noting that a single product may ensure scale and attract more providers, thus increasing offer for consumers. Stakeholders¹¹ have also discussed this possibility. As a different option, stakeholders¹² have highlighted the possibility of adjusting specific requirements in the PEPP Regulation to allow its use as an employment benefit, while preserving its nature as a personal pension product.

¹¹ EIOPA OPSG (2024), [Own-Initiative EIOPA OPSG Discussion Paper on introducing the pan-European Occupational Pension Product](#).

¹² EIOPA OPSG (2024), [Own-Initiative EIOPA OPSG Discussion Paper on the pan-European Pension Product](#), p. 26-27.

33. If the PEPP were to be explicitly opened to use in a workplace context, what technical changes to the current Regulation does EIOPA would consider necessary? What additional technical changes would be needed to make it suitable for autoenrolment?

Registration and supervision

The PEPP Regulation establishes uniform rules governing the registration and supervision of PEPPs.

34. How could the current framework for registration and supervision of PEPP be simplified to reduce burden for both providers and supervisors?

Investment rules and diversification

Article 41 of the PEPP Regulation sets out the investment rules applicable to PEPP providers, including the prudent person rule, as a minimum standard unless more stringent provisions apply under the relevant sectorial law applicable to the provider. As a result, stricter sectoral rules may override the PEPP investment rules, leading to varying investment constraints across providers.

35. In EIOPA's view, is it warranted that certain potential PEPP providers remain subject to more stringent investment rules than others?

Level playing field across personal pension providers and rules on distribution

The EIOPA Staff Paper on the future of the PEPP highlighted the importance of considering how the PEPP interacts with other competing pension products, in order to address the underlying reasons for the low uptake of the PEPP. In addition, stakeholders¹³ have raised specific concerns regarding the distribution rules applicable to PEPP, particularly with respect to misalignment with distribution rules that apply to insurance intermediaries.

36. What key features do you think give existing national products a competitive advantage over the PEPP? Please provide examples. Should adjustments to the PEPP Regulation be consider to make it more competitive with national products? If so, what kind of adjustments should be considered and how could the framework be improved?
37. How could the PEPP Regulation be clarified to ensure that PEPPs can be distributed by licensed distributors, regardless of the type of manufacturer? What other distribution-related rules applicable to PEPP could be streamlined?

¹³ EIOPA OPSG (2024), [Own-Initiative Discussion Paper on the pan-European Pension Product](#), p. 24-26, and Finax (2025), [Own-Initiative Opinion Paper on Pan-European Pension Product](#), p. 12-15.

Individual transfers

Greater competition in the private pension products market could support the development of the third pension pillar and help citizens build trust therein. The EIOPA Staff Paper on the future of the PEPP notes that allowing, in all Member States, the individual transfer of accumulated amounts from other personal pension products into the PEPP could contribute to broader uptake.

38. If the PEPP Regulation were to allow the transfer of accumulated amounts from other personal pension products into the PEPP in all Member States, what should be the main elements of such a provision, and what best practices could be implemented?

Transparency, information and pension tracking systems

Transparency, clear disclosure and effective pension tracking are key to building trust and helping savers make informed decisions.

39. Does EIOPA believe the PEPP Regulation should require Member States to include the PEPP, along with other personal pension products, in national pension tracking systems improve transparency for savers? Does EIOPA consider pension tracking systems a suitable means to fulfil certain disclosure requirements under the PEPP Regulation for members and beneficiaries who interact via digital tools? In addition, could you elaborate on how the pension tracking system and the PEPP Benefit Statement should interact or coexist in practice? How could dual reporting be avoided, while ensuring that all relevant information requirements under the Directive are fulfilled?

Other aspects

40. Are there any additional issues that EIOPA believes should be considered in the review of the PEPP Regulation? If so, please explain how they should be addressed.

Auto-enrolment, pension tracking systems and pension dashboards

41. In EIOPA's view, what key features should an auto-enrolment system include in order to ensure its success in increasing pension coverage and adequacy?
42. Does EIOPA consider it necessary to provide any further input to its 2021 advice on pension tracking systems and pension dashboards, in particular in light of the recent Communication on the Savings and Investments Union?